

ST. LOUIS
POST-DISPATCH

JAN 23 1964

CPYRGHT

CPYRGHT

CIA's Venture Into Publicity Backfired So Badly Agency May Go Under Ground for Good

Black Picture It Painted of Soviet Economy Led to Flurry of Criticism Over Talking Spies

By RICHARD DUDMAN

A Washington Correspondent of the Post-Dispatch

WASHINGTON, Jan. 23

THE CENTRAL INTELLIGENCE AGENCY'S recent venture into public relations backfired so badly that the agency may decide to go back under ground for good.

The CIA's groundhog act began two weeks ago, when the agency gave a small number of newspaper reporters an analysis of the Soviet economy and, in a departure from practice, said it could attribute the information to CIA economists.

The picture was a black one, and it made headlines. The CIA said the Soviet Union's economic growth in the last two years had been less than 2.5 per cent a year, that Soviet gold reserves had fallen to less than two billion dollars and that the United States has a gross national product, or total output of goods and services, more than twice that of the Soviet Union and is widening the gap each year.

Those reporters who were left out of the first round of briefings made inquiries. CIA's response was to invite a large number to the agency's headquarters building at McLean, Va., for a press conference.

TWENTY REPORTERS made the eight-mile trip to McLean. Because the information was the same as that given out several days earlier, many of them wrote stories mostly about the novelty of a cloak-and-dagger organization coming out into the open.

Those stories, in turn, led to a flurry of critical articles, editorials and comments asking what business the spies had in

talking, and complaining that the CIA was trying to turn itself into a ministry of propaganda.

Many non-CIA experts disagreed with the substance of the information given out. Some thought the estimates too low. Some objected that the figures were meaningless without details as to sources and methods of calculation.

A further complaint was that the figures were too precise; no one could know the Soviet growth rate to the tenth of a percentage point.

"They should have said 2 to 4 per cent, to show clearly their margin of error," one informed observer said. "We can't even figure the Mexican growth rate to the tenth of a per cent, and Mexico is an open society with all kinds of statistics available."

TWO REASONS are given for undertaking the exercise. First, CIA wanted to help implement a new Administration policy of discouraging West European nations from extending long-term credits to Communist-bloc countries.

The Soviet Union is trying to buy industrial plants and equipment, especially for fertilizer production to increase agricultural production. It is seeking credit terms beyond the conventional five years permitted for capital goods. The CIA figures tend to show that the Soviet Union is a poor risk.

A second reason was to counteract CIA's bad press by calling attention to the agency's non-secret side, the humdrum gathering and analyzing of statistics by academic persons who have nothing to do with cloak-and-dagger operations.

Officials understand that the briefing plan was cleared with President Lyndon B. Johnson, possibly when CIA Director John A. McCone was at the LBJ Ranch in Texas after Christmas.

White House press secretary Pierre Salinger says, however, that the plan originated with CIA and that all details were handled by CIA.

THERE IS no reason to think the State Department wanted any help from CIA in persuading Allied nations to withhold long-term credits from the Communist bloc.

But there is widespread acknowledgement that the CIA has a serious public relations problem. Through the 1950s the agency conducted some of its undercover operations with little coordination with the State Department and sometimes without the knowledge of the United States ambassador in the country involved.

Continued